



Trade World UTAH

April 2003

Calendar of Events

Published by:

Salt Lake City Export Assistance
Center
324 South State Street, Suite 221
Salt Lake City, UT 84111
Phone: (801) 524-5116
Fax: (801) 524-5886
salt.lake.city.office.box@mail.doc.gov



www.usatrade.gov

In Cooperation With:

State of Utah International Business
Development Office
Division of Business & Economic
Development
Department of Community & Economic
Development
324 South State Street, Suite 500
Salt Lake City, UT 84111
Phone: (801) 538-8738
Fax: (801) 538-8889



utahtrade.com

The U.S. Government and the State of Utah do not endorse any product, service, or company herein and assumes no responsibility for the accuracy of this data or for the outcome of any business transaction resulting from publication.

April 11
12:00-1:30 p.m.

Topic:

Utah World Trade Association Luncheon

Hampton Inn
10690 Holiday Park Dr., Sandy, UT
Mr. John Harris, long-time U.S. Foreign Commercial Service officer & future Minister Counselor for Commercial Affairs to Brazil, will be speaking on the topic: "Conducting Business in Latin America: the affect of Free Trade Agreements on Trade." Cost: \$15 (includes catered lunch). Please RSVP by to utahworldtrade@msn.com or 801/422-8034.

April 29
10:00-11:30 am

Topic:

OPIC Small Business Center Seminar

Salt Lake Chamber of Commerce
175 East 400 South, Suite 600, Salt Lake City
Officials from the U.S. Overseas Private Investment Corporation (OPIC) will present OPIC's new program, aimed at small businesses, the Small Business Center. OPIC is committed to helping America's small businesses grow through investments in over 150 emerging markets around the world. OPIC recognizes that small businesses have unique requirements. Lack of resources to pursue opportunities abroad, concern over political risks, or the inability to find private sector support can prevent small businesses from expanding overseas. The SBC will help meet these needs by providing financing and political risk insurance to eligible small businesses.
Cost: Free of charge. Please register by phone: 801/524-5116 or e-mail: David.Fiscus@mail.doc.gov
For information on OPIC's Small Business Center, please go to <http://www.opic.gov> or call 1-800-CALLSBC (1-800-225-5722).

Trade Events

July 16-18, 2003

PACE Automechanika Mexcio

This show has been certified by the U.S. Department of Commerce as providing significant opportunities for U.S. exporters in the Automotive Aftermarket, OE-Manufacturing, & Service Industry. The 2003 show expects 12,000 visitors from 18 countries. For additional information on exhibiting, contact the Salt Lake City Export Assistance Center at 801/524-5116.

September 15-18, 2003 ***Enviro-Pro 2003, Mexico City***

The U.S. Commercial Service in Mexico City is organizing a U.S. pavilion at this show. Now in its 11th year, Enviro-Pro is the most important event in Mexico for environmental products & services. 5,000 visitors from Mexico and across Latin America are expected. For information on exhibiting, contact Dave Fiscus at 801/524-5116 or at David.Fiscus@mail.doc.gov.



Trade Resources



EXPORT CONTROLS- Do I NEED AN EXPORT LICENSE?

Before delving into the specifics of the export licensing process, it is important to note that most export transactions do **not** require specific approval from the U.S. Government. In order for certain export transactions to take place legally, however, an exporter must obtain, in advance, special export permission, called a license. Licenses are required in certain situations involving national security, foreign policy, short-supply, nuclear non-proliferation, missile technology, chemical and biological weapons, regional stability, crime control, or terrorist concerns.

Four U.S. Government agencies have primary export licensing responsibilities: the Departments of Commerce, Energy, State, and the Treasury. The majority of exports requiring a license are either controlled on the Commerce Control List (CCL), administered by the Commerce Department, or the U.S. Munitions List (USML), administered by the State Department. The CCL is used to regulate the export and re-export of items that have commercial uses but also have possible military applications ("dual-use" items). The USML is used to control the export of defense articles, services, and related technologies. The Defense Department is actively involved in the inter-agency review of those items controlled on both the CCL and the USML. The agencies work together when there is a question about whether a proposed export is controlled on the CCL or the USML. The Energy Department controls nuclear technology and technical data for nuclear power. These agencies collectively review certain proposed dual-use exports. The Treasury Department is responsible for economic and trade sanctions against targeted foreign countries and their agents, terrorists and terrorism-sponsoring organizations, and international narcotics traffickers.

Several other federal agencies also have some licensing responsibilities. These are listed on the Commerce Department's webpage at <http://www.bis.doc.gov/reslinks.htm>, along with a brief explanation of each agency's responsibilities.

The U.S. Government controls exports on a case-by-case basis, examining the following factors: the destination, the end-user, and the product and its end-use. Those entities handling or servicing the sale of the product may also be a factor. When a company decides to export, it must review these factors for each transaction:

THE DESTINATION: ARE THERE COUNTRIES TO WHICH I AM NOT PERMITTED TO EXPORT?

The United States severely restricts exports to several countries. Certain exports, however, may be approved with a license. The Office of Foreign Assets Control (OFAC) at the Treasury Department has information about embargoed countries on its website at <http://www.treas.gov/ofac>, or the office can be contacted at (202) 622-2426. Currently, U.S. persons are generally prohibited from exporting to Cuba, Iran, Iraq, Libya, Sudan, and the Unita faction in Angola. In some cases, licenses are issued for exports of agricultural goods, medicines, and medical equipment to sanctioned countries.

THE END USER: ARE THERE ENTITIES TO WHICH I AM NOT PERMITTED TO EXPORT?

Exporters should screen all parties involved in an international transaction against the "Prohibited Parties Lists". The "Prohibited Parties Lists" is a term used to describe the four lists of entities with which an exporter is prohibited from doing business under most circumstances:

- The **SDN** (Specially Designated Nationals) List is published by OFAC on the internet (<http://www.treas.gov/ofac>) as well as in the Federal Register. SDNs are individuals and entities located throughout the world that are blocked pursuant to the various sanctions programs. SDNs can be front companies, parastatals, or individuals determined to be owned or controlled by, or acting for or on behalf of, targeted countries or groups. They can also be specifically identified individuals such as terrorists or narcotics traffickers.
- The **Denied Persons List** contains the names of persons who have been issued a denial order by the Commerce Department's Bureau of Industry and Security (BIS). U.S. exporters, and third parties in general, are prohibited from dealing with denied parties in transactions involving U.S. items. The list can be accessed at <http://www.bis.doc.gov>.
- BIS also maintains an **Entities List**, comprising foreign end-users engaged in proliferation activities. Since these entities pose proliferation concerns, exports to them are usually prohibited without a license. However, since the BIS guidelines are administered under a case-by-case basis, there are some listed entities that can still receive low-level technology without an export license. This list can be accessed through BIS's website at <http://www.bis.doc.gov>.
- The **Debarred Parties List** is maintained by the State Department. It lists the names of individuals denied export privileges under the International Traffic in Arms Regulations (ITAR). The information can be accessed at <http://www.pmdtc.org>.

It is also important for exporters to take care in screening the parties involved in servicing the sale of the product. For example, an otherwise legitimate trade transaction may be a violation of sanctions if one of the banks involved in the financing is on OFAC's SDN List. Since the SDN List contains the names of banks, insurance companies, shipping lines, and freight forwarders throughout the



Trade Resources

EXPORT CONTROLS, COND'T

world, exporters need to evaluate all parties to a trade transaction, not just the buyer or the end user.

THE PRODUCT AND ITS END USE: DOES MY PRODUCT REQUIRE A LICENSE?

Sophisticated and high technology products; short supply items; technical information and products that have defense, strategic, weapons development, proliferation or law enforcement applications can be subject to export licenses. Major factors in determining whether an export license is required include the destination and end-use of the product or service. Some chemicals, for instance, that could possibly be used in weapons of mass destruction are subject to export controls. For example, "precursor chemicals" are prohibited to Syria. However, some exports may be subject to controls regardless of the function or the country to which they are shipped.

It is up to the exporter to determine whether the product requires a license and to research the end use of the product, in other words, to perform "due diligence" regarding the transaction. Exporters should learn which federal department or agency has jurisdiction over the item they are planning to export in order to find out if a license is required.

- The Commerce Department focuses primarily on dual-use items, i.e., items that can be used for both military/strategic purposes and commercial applications. Exporters should consult the Commerce Department's BIS and find out if the items or services they are planning to export are classified on the Commerce Control List (CCL). If a product appears on this list, it may require a license. In general, this list contains items controlled by the Export Administration Regulations (EAR) because they are considered to be "dual use" items.
- The State Department's Office of Defense Trade Controls (DTC) licenses defense services and defense munitions articles.
- The Department of Energy licenses nuclear technology and technical data for nuclear power and special nuclear materials. It licenses the export of electric power to Mexico and Canada. It also licenses the export of natural gas.

An exporter should request a "commodity jurisdiction" (CJ) determination to resolve any uncertainty regarding the export licensing jurisdiction of an item or service. A CJ is used to determine whether an item or service is subject to the export licensing authority of BIS or DTC. Contact BIS at (202) 482-4811 for more details. Another option is to contact the Office of Defense Trade Controls at (703) 875-6644 or via fax at (703) 875-6647 (Attn: PM/DTC/CJ).

WITH ALL THESE LISTS AND AGENCIES, WHERE SHOULD AN EXPORTER START TO ENSURE COMPLIANCE WITH THE VARIOUS EXPORT REGULATIONS?

The country to which a product is to be exported should be considered first. Potential transactions should be checked for compliance with the sanctions administered by the Treasury and Commerce Departments. If a transaction is subject to country-specific sanctions, it may be eligible for a license, depending on the goods involved. Call OFAC at 202-622-2490 with any questions regarding country-specific sanctions and where to apply for a license.

The next step should be to obtain information about a customer and how that customer will use a product. Information about the customer's location, including complete street address (P.O. boxes are not enough) and phone number, the nature of its business, ownership and control, and information with regard to the final destination and use of the product is necessary for determining if the export is in compliance with U.S. law. Always check all parties against the Prohibited Parties Lists, including Treasury, Commerce, and State. Don't forget freight forwarders, banks, shipping lines and insurers.

To determine whether a license is needed to export a particular product or service, an exporter must classify the item by identifying what is called an Export Control Classification Number (ECCN) for the item. View BIS's website at <http://www.bis.doc.gov> to get help with the ECCN and consult the TIC's "Ask the TIC" column online. Products under ECCN# EAR 99, a broad category, normally do not require a license when shipped to most destinations. For information on other categories, the exporter should contact BIS directly at (202) 482-4811 or (949) 660-0144. When in doubt about agency jurisdiction, the exporter can also contact BIS, as BIS will route the application to other agencies for a determination.

WHAT ARE THE PENALTIES FOR NOT COMPLYING WITH EXPORT CONTROL LAWS?

Millions of dollars in civil penalties are imposed each year by the federal government for violations of export control laws. BIS's website contains real-world examples of civil penalties that have been imposed in the past. Civil penalties assessed by OFAC are \$11,000 per prohibited transaction in most cases, but can reach \$275,000 per infraction under the sanctions against Iraq and \$1,000,000 if they involve narcotics "kingpins". In cases where there is criminal intent to violate export control laws, criminal penalties can be imposed, resulting in significant corporate or personal fines as well as imprisonment.

Upcoming Events

WE NEED YOUR E-MAIL ADDRESS!

The Salt Lake City Export Assistance Center is putting the finishing touches on its new website, which it will use to disseminate information on upcoming trade events (including trade shows, seminars, and workshops) and industry-specific trade leads on an ad hoc basis.

However, to make this website an effective vehicle of communication and outreach, we need your e-mail address. If you have not received an e-mail from our office recently, we probably do not have your address in our database. That being said, if you would like to receive the aforementioned information, updates, etc., please send your current e-mail address to Dave Fiscus at David.Fiscus@mail.doc.gov along with your name and your company's name.

Thank YOU!

U.S. Department of Commerce
Salt Lake Export Assistance Center
324 S. State Street, Suite 221
Salt Lake City, UT 84111

Penalty for Private Use, \$300

WASHINGTON, DC CONFERENCE: "ADAPTING TO A NEW GLOBAL TRADE ENVIRONMENT"

The conference, "Adapting to a New Global Trade Environment" from May 12-13 in Reston, Virginia will bring together the American business community and Commerce Department officers from U.S. embassies around the world for two days of briefings, seminars and meetings on international business opportunities and prospects. Invited guests include: Donald L. Evans, U.S. Secretary of Commerce; Ambassador Robert Zoellick, U.S. Trade Representative; Congressman Frank R. Wolf, Virginia, 10th District; & the Honorable Maria Cino, Assistant Secretary & Director General, U.S. Commercial Service; as well as Commerce Department Senior Commercial officers from 85 countries.

Sign-up today to participate in this unique opportunity! Call (202) 775-3483 or visit our website at www.usatrade.gov for more information including hotels, list of participating Senior Commercial Officers and up-to-date Agenda information.

FIRST-CLASS MAIL
POSTAGE & FEES PAID
ITA/DOC
PERMIT NO. G54

☐ If you do not wish to continue receiving this newsletter, please check this box and return this page.

☐ Change of address? Please correct this page and return it to us.